

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

REVIEW REPORT
OF
PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY
STATE OF INDIANA
May 1, 2003 to March 31, 2006



FILED
10/18/2006

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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner, Indiana Department of Correction	Evelyn Ridley-Turner	02-01-01 to 01-09-05
	J. David Donahue	01-10-05 to 01-11-09
Superintendent	Linda Commons	01-12-03 to 01-30-05
	Fran Osborne (Interim)	01-31-05 to 04-09-05
	Curtis Correll	04-10-05 to 08-25-06
	Michael Lloyd (Interim)	08-26-06 to 06-30-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY

We have reviewed the receipts, disbursements, and assets of the Plainfield Re-entry Educational Facility for the period of May 1, 2003 to March 31, 2006. The Plainfield Re-entry Educational Facility's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Plainfield Re-entry Educational Facility are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

June 22, 2006

PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY
REVIEW COMMENTS
MARCH 31, 2006

The Plainfield Re-Entry Educational Facility was previously the Plainfield Juvenile Correctional Facility. The Plainfield Juvenile Correctional Facility transferred out all juvenile offenders by September 2005. The Plainfield Re-Entry Educational Facility opened as an adult male facility in January 2006.

TRUST FUND

Shortage

The Plainfield Re-Entry Educational Facility (PREF) maintains a Trust Fund for the benefit and use of the offenders located at the facility. The Trust Fund is maintained in three checking accounts. These checking accounts are not properly maintained by PREF. One of the checking accounts has a negative balance due to bank fees. The other checking accounts are not properly reconciled. At March 31, 2006, the funds in the checking accounts are less than the PREF Trust Fund control ledger, resulting in a shortage of \$262.95 in the fund.

At all times, the manual and computerized records, subsidiary ledgers, the control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

Indiana Code 4-24-6-9 requires that such losses be covered by a general blanket performance bond or crime insurance policy. If the facility is unable to determine the source of the shortage, it should seek to collect from the bond. If this effort fails, then the agency may try to receive reimbursement from the institution's operating account.

Financial Statements

The Plainfield Re-Entry Educational Facility did not properly complete the monthly financial statements for the Trust Fund. We noted that the beginning fund balance for the March 2006 monthly report was not the ending fund balance from the February 2006 monthly trust fund report. Additionally, we noted that the receipts, disbursements and fund balance did not trace to the ledger.

Institutions should have internal controls in effect which provide reasonable assurance regarding reliability of financial information and records. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 13:1)

Each institution should file monthly financial statements for its local funds with the state agency having administrative control over the institution. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 13:5)

Receipts

The Plainfield Re-Entry Educational Facility issues receipts for all deposits into an offender's trust fund. PREF could not locate the receipt copies for our audit period. Therefore, we could not verify that all receipts were properly posted to the correct offender's Trust Fund account.

PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY
REVIEW COMMENTS
MARCH 31, 2006
(Continued)

Documents should be retained in accordance with a retention schedule approved by the Oversight Commission on Public Records. Also, documents must be filed in such a manner as to be readily retrievable or otherwise reasonably attainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapters 1 and 15)

RECREATION FUND

Purchases

The Plainfield Re-entry Educational Facility made purchases from the Recreation Fund which were not proper for the fund. The agency purchased five desktop computers and one laptop computer for staff usage.

Indiana Code 4-24-6-6 states: "These funds shall be used, at the discretion of the superintendent or warden subject to the approval of the chief administrative officer of the department, division or state agency having administrative control and supervision over the institution, for the direct benefit of persons who are inmates in such institutions, and shall not be used for any purposes which are provided by state appropriations"

Documentation

The Plainfield Re-entry Educational Facility does not maintain proper documentation for Recreation Fund disbursements. Approvals for disbursements were made without adequate documentation as to the purpose of each disbursement. Due to the lack of adequate documentation, we were unable to determine that the purchases were for the direct benefits of the offenders of the institution.

Each Recreation Fund disbursement should be documented with the purpose for the disbursement, person and department requesting the purchase, date requested, date paid, amount of payment, check number, written approval of the superintendent or designee, vendor invoice, and verification that the goods were received. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

DOCUMENT RETENTION

Several documents selected for our review could not be located. Specifically, Recreation Fund monthly financial statements for calendar year 2005 and supporting documentation for capital asset purchases could not be located by staff.

Documents should be retained in accordance with a retention schedule approved by the Oversight Commission on Public Records. Also, documents must be filed in such a manner as to be readily retrievable or otherwise reasonably attainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapters 1 and 15)

PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY
REVIEW COMMENTS
MARCH 31, 2006
(Continued)

CAPITAL ASSETS

The capital asset inventory of the Plainfield Re-entry Educational Facility is not complete as to additions and retirements, assets have not been consistently tagged upon receipt and an annual physical inventory of assets owned has not been conducted. Also, it could not be determined if certain specific assets were located at the facility. The Plainfield Re-entry Educational Facility was formerly the Plainfield Juvenile Correctional Facility (PJCF). During the transition from PJCF to PREF, some assets were either lost, surplused or transferred to other facilities within the State without proper documentation.

Each state agency is required to report to the Auditor of State all additions and retirements of assets with a cost of \$20,000 or more. Assets costing more than \$500 but less than \$20,000 must be maintained on an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

Assets at the minimum level of \$500 must be tagged. Assets should be tagged upon receipt. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

For auditing purposes, agencies must also maintain a record of all additions and retirements to their asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2006, with Curt Correll, Superintendent; and Karen McGinnis, Assistant Superintendent. A copy of the Review Comments was provided on August 25, 2006, to Michael Lloyd, Interim Superintendent. The official response has been made a part of this report and may be found on pages 8 and 9.

A copy of the review comments was mailed on August 29, 2006, to Linda Commons and Fran Osborne, former Superintendents.



Mitchell E. Daniels, Jr.
Governor

J. David Donahue
Commissioner

PLAINFIELD RE-ENTRY EDUCATIONAL FACILITY
501 West Main Street, Plainfield, Indiana 46168
Phone: (317) 839-7751 Fax: (317) 838-7548

Michael Lloyd
Superintendent

September 22, 2006

State Examiner
State Board of Accounts
Room E418, 302 W. Washington St.
Indianapolis, IN 46204

OFFICIAL RESPONSE

Dear State Examiner:

In response to your audit results and comments sheet received during the exit conference the Plainfield Re-Entry Educational Facility offers the following plan of action to be included in the audit report.

Trust Fund

Shortage -

Steps are in place to consolidate all accounts into one Trust Fund bank account. All other accounts will be closed. All records have been computerized and the shortage identified will be reimbursed to bring the account into balance.

Financial Statements

All financial statements will be reconciled in accordance with the State Board of Accounts for the Trust Fund and submitted in a timely manner.

Receipts

All receipts for all deposits will be maintained in accordance with the Oversight Commission on Public Records record retention schedule.

Recreation Fund

Purchases -

All recreation fund purchases will be reviewed by the Superintendent of the facility as well as the Accountant to ensure the request complies with Indiana Code.

Documentation-

All documentation will be maintained in accordance with the Oversight Commission on Public Records record retention schedule. All documents for disbursements will be in accordance with policy requiring approval from the Superintendent and/or Accountant for payment.

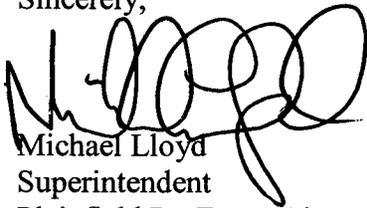
Document Retention

Due to the closure of the Plainfield Juvenile Correctional Facility and the merge of that business office with the Plainfield Correctional Facility, some documents were not accessible or available as requested. All documents for Plainfield Re-Entry Educational Facility now funnel through the Plainfield Correctional Facility and all records will be maintained at the Plainfield Correctional Facility and will be available upon request for review.

Capital Assets

A complete audit of fixed assets has been completed at Plainfield Re-Entry Educational Facility. This audit will be compared with previous asset listings to ensure that all additions and retirements have been made and that the new listing is correct and kept current.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Lloyd", written over a horizontal line.

Michael Lloyd
Superintendent
Plainfield Re-Entry Educational Facility
501 W. Main St.
Plainfield, IN 46168